

The results of environmental impact reduction and economic value creation in fiscal 2006 and changes in sustainable environmental management indicators showing the level of sustainable environmental management

Reducing Environmental Impact

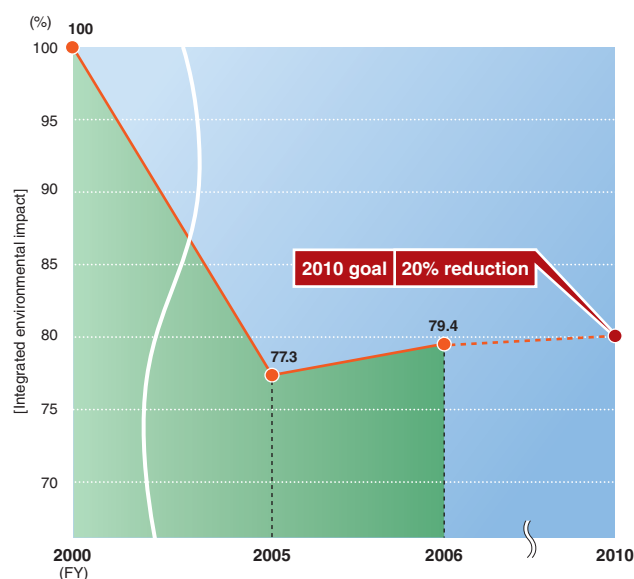
The Ricoh Group has targets to reduce the environmental impact (integrated environmental impact*) of our major business activities in advanced countries by 15% in fiscal 2007 and by 20% in fiscal 2010 over the levels in fiscal 2000. In fiscal 2005, we were able to reduce the environmental impact by 20% thanks mainly to reductions in the chemical substances contained in our products and development of energy-saving technologies for copiers. However, in fiscal 2006, the environmental impact increased by 2.7% over the previous year. The major reasons for this increase were the rise in resource use due to an increase in sales of imaging equipment and an increase in paper consumption by customers using our products. As we expect to expand our business scale by more than 8% annually, we need to make even greater efforts to reduce environmental impact to achieve our environmental impact reduction targets for fiscal 2007 and 2010. Specifically, we will proceed with medium and long-term measures for resource-recirculating, such as increasing sales of recycled copiers and putting more efforts into developing environmental technologies to reduce resource use and paper consumption.

* The Ricoh Group measures environmental impact with a unit called the integrated environmental impact. For details [See page 53.](#)

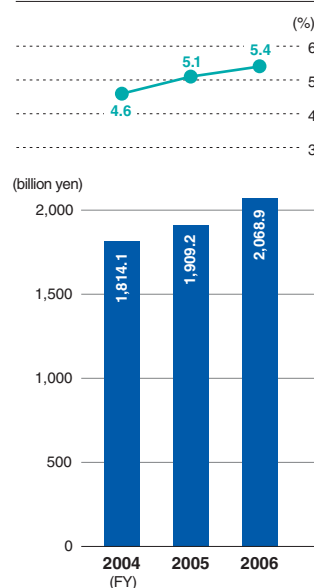
Business Results for Fiscal 2006

The Ricoh Group's consolidated sales in fiscal 2006 increased by 8.4% over the previous term to reach ¥2.0689 trillion, exceeding ¥2 trillion for the first time. In the office solutions sector, sales of color multifunctional copiers and laser printers increased. There was an increase in income in all business sectors and Group income increased for the 13th consecutive term. For the first time, sales outside Japan accounted for more than 50% of the Ricoh Group's total sales. Net income for the current term increased by 15.1% over the previous year to ¥111.7 billion, marking the highest profit for two consecutive terms. This was due mostly to the increase in sales of high value-added products and to continuous cost-trimming campaigns. It is also the first time that the Ricoh Group has earned more than ¥100 billion in net income in one term.

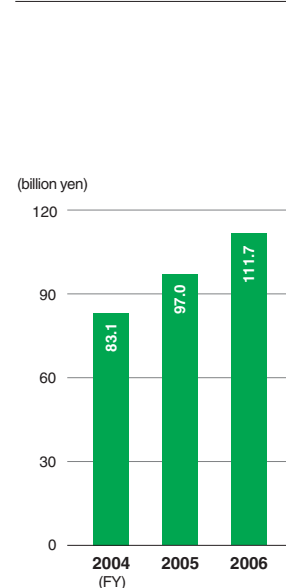
Changes in Integrated Environmental Impact



Sales and net income on sales



Net income

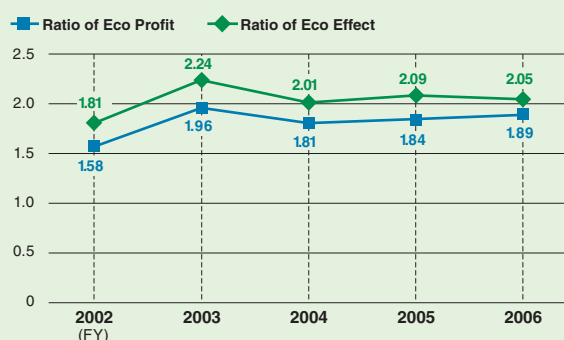


Review of Environmental Accounting

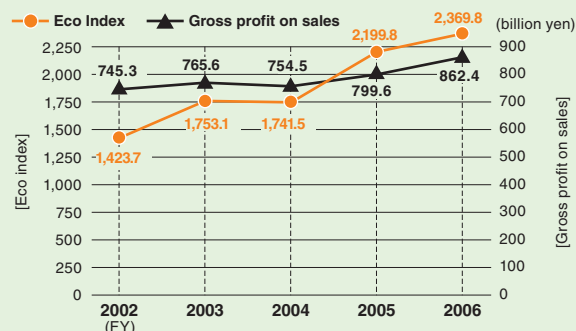
When we look at the trend for the whole Ricoh Group, we see an improvement in the Eco Index, the ratio between gross profit on sales and total environmental impact, while our business is expanding. This means that the Ricoh Group is able to reduce its environmental impact in proportion to the added-value of its business activities (see graph (2)). The Ratio of Eco Profit, an indicator of the cost-effectiveness of sustainable environmental management activities, and the Ratio of Eco Effect, an indicator that takes into account the social cost reduction values, remained unchanged over the figures for fiscal 2005. This was because the environmental cost and the increase in economic benefit have increased at the same rate, and this means that we have been able to maintain our cost-effectiveness (see graph (1)). When we look at the cost and economic benefit data in the corporate environmental accounting* for fiscal 2006, there is a substantial increase in upstream and downstream costs and in the sales value of recycled products, which means that the recycle-related businesses is growing. Substantial effects of savings on electric power and more efficient waste disposal campaigns dropped drastically from ¥580 million in fiscal 2005 to minus ¥160 million. This was caused by the increase in payments for utilities and waste disposal services due to business growth across the whole Group. Similarly, the effect on environmental conservation was that CO₂, NO_x, and BOD figures increased as a result of our business growth. We will work on reducing environmental impact and enhancing efficiency from an energy-saving and resource conservation point of view, including improvements to our production processes. We will thus advance towards our goal of sustainable environmental management. [See page 57.](#)

Changes in the Ricoh Group's sustainable environmental management indicators

(1) Ratio of Eco Profit and Ratio of Eco Effect



(2) Eco Indicator



The Ricoh Group's Sustainable Environmental Management Indicators (fiscal 2006)

Sustainable environmental management indicators	Results in fiscal 2006	Calculation formula
REP: Ratio of Eco Profit	1.89	Total economic benefit (34.59)/Total environmental conservation cost (18.27)
REE: Ratio of Eco Effect	2.05	[Total economic benefit (34.59) + Social cost reduction values (0.16+2.66)]/Total environmental conservation cost (18.27)
Eco Index	2,369.8	Gross profit on sales (¥862,400,000 thousand)/Total environmental impact (363,913)
RPS: Ratio of Profit to Social Cost	146.2	Gross profit on sales (862.4)/Total social cost (5.9)

* Monetary units are indicated in billions of yen unless otherwise indicated.